



UN

Distr.
GENERALIDB.9/8
30 March 1992

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development BoardNinth session
Vienna, 18-22 May 1992
Item 11 of the provisional agenda

UNIDO COUNTRY DIRECTOR PROGRAMME

Report by the Director-General

Summary

Reports on the implementation of Board decision IDB.8/Dec.14 and of General Conference resolution GC.4/Res.4. Updates the forecast provided in document IDB.8/27 on the financing of UNIDO Country Director posts.

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Introduction

1. In addition to providing a report on the implementation of Board decision IDB.8/Dec.14, the present document updates the information contained in document IDB.8/27 concerning the overall financing of UCD posts. It also provides information in response to the request of the General Conference in resolution GC.4/Res.4 to prepare a study on UCDS in the same subregion and on the possibilities of strengthening the country focus, while strengthening the advisory role of UCDS in project planning, development and evaluation.

I. IMPLEMENTATION OF UCD PROGRAMME AND FORECAST FOR 1992-1996

2. A detailed background of developments in the system of shared financing of UCD posts was provided in document IDB.8/27. In 1992, a total

of 39 posts can be financed from a combination of United Nations Development Programme (UNDP) funds, the UNIDO operational budget and voluntary contributions. The ability to maintain that number of posts will depend on a number of factors:

(a) As outlined in detail in document IDB.8/27, the amount of \$3.8 million received annually from UNDP for the UCD programme for the period 1992 to 1993 will cover the cost of 26 posts in 1992. However, the possibility of maintaining that level during the coming years will depend on actual expenditures incurred each year. Assuming an inflation factor of 6 per cent annually, the number of UNDP-financed posts will probably have to be reduced by one post per year;

(b) An allocation for 10 posts is included in the UNIDO operational budget for the biennium 1992-1993 - an increase of one post as compared with the previous biennium. The ability to maintain that level will depend on the income received for the operational budget. Considering the possible impact of the UNDP successor arrangements for support costs, a reduction of posts financed from the operational budget cannot be excluded. At any rate, allocating operational budget resources will be constrained by the fact that under the UNDP successor arrangements most support costs income is linked to specific services;

(c) In 1992, three posts are being financed from voluntary contributions (one from Germany and two from Italy). Voluntary contributions for 1993 have not yet been secured;

(d) Economies could be made through increased host-country financing to meet rising local operating costs of the UCD offices. At present they are provided by two countries (Indonesia and Turkey) only.

3. Owing to financing of three posts from voluntary contributions and one additional post from the operational budget, the negative effect

foreseen on the overall number of posts (IDB.8/27, para. 8 (f)) has been forestalled for the current year. Table 1 shows the overall financing of posts for 1992, and the forecast for the period 1993 to 1996.

Table 1
Financing of UCD posts, 1992 to 1996

Source of funds	1992	1993	1994	1995	1996
UNDP	26	25	24	23	22
Operational budget	10	10	10 a/	10 a/	10 a/
Voluntary contributions	3	0	0	0	0
Total	39	35	34 a/	33 a/	32 a/

a/ With reservations, as explained in para. 2 (b) above.

4. This shows by 1995 a loss of three posts due to the UNDP sectoral support programme. In addition, it is likely that the funding of 10 posts under the operational budget cannot be maintained. Therefore, even assuming a continuation of the three posts funded by voluntary contributions, by 1995 a reduction of some four UCD posts can be expected under the present financing arrangements.

5. A comparison of the regional distribution of posts in 1991 and 1992 by source of funds is provided in table 2. In paragraph (d) of decision IDB.8/Dec.14, the Board requested the Director-General, in addition to creating additional UCD posts, to ensure as far as possible that priority be given to equitable geographical distribution. Should additional posts be created in the near future from voluntary contributions or other sources of finance, the Secretariat would ensure that posts are distributed equitably in accordance with the specific requirements of each region.

Table 2

Regional distribution of UCD posts, 1991-1992

Region	U N D P			Operational budget			Voluntary contributions			Total	
	1991	1992	Difference	1991	1992	Difference	1991	1992	Difference	1991	1992
Africa	11	10	-1	5	5	0	0	1	+1	16	16
Arab States	2	1	-1	0	1	+1	0	0	0	2	2
Asia a/	8	8	0	2	2	0	0	0	0	10	10
Europe	0	0	0	0	0	0	1	1	0	1	1
Latin America and Caribbean a/	8	7	-1	2	2	0	0	1	+1	10	10
Total	29	26	-3	9	10	+1	1	3	+2	39	39

a/ Two additional posts (one for Asia and one for Latin America and the Caribbean) have been provided on special temporary arrangements and are not reflected in the table.

II. STUDY ON WORKING RELATIONSHIP AMONG UCDS IN THE SAME SUBREGION

6. Just as technical cooperation activities constantly require adjustment to current international trends and emerging policy issues, the role of UCDS and the working relations among UCDS of the same region need to be dovetailed with those emerging policy issues and trends. Such adjustment would imply a new look at South-South cooperation, regional integration and cooperation between more advanced developing countries and their less developed counterparts in the various regions. Undoubtedly, UCDS should play an important catalytic role in facilitating and promoting South-South cooperation at the policy level, as well as at the institutional, enterprise and project levels. In that context promotional programmes could be organized by UNIDO to enable selected countries and potential partners to jointly examine opportunities for South-South cooperation.

7. In its resolution GC.4/Res.4, the General Conference called upon the Director-General to prepare a study on the modalities of setting up a close working relationship among UCDS of the same subregion in order to strengthen their role. Terms of reference for such a study, which could only be undertaken with extrabudgetary resources, are being prepared on the basis of consultations with UCDS, Governments and subregional organizations in selected subregions.

III. STRENGTHENING THE ADVISORY ROLE OF UCDS IN PROJECT PLANNING, DEVELOPMENT AND EVALUATION

8. The changing circumstances affecting the activities of the United Nations development system led to the adoption of General Assembly resolution 44/211 (comprehensive triennial policy review of operational activities for development of the United Nations system) and to the re-orientation of UNDP policies towards increased application of the programme approach, national execution, decentralization and the introduction of new arrangements for agency support costs. The changes are designed to reflect the more active role that developing countries are required to play in all phases of the programme and project cycle in the context of multilateral technical

cooperation efforts. The United Nations agencies, on the other hand, are expected to continue with their traditional and informative activities normally funded under their regular budgets, and their involvement in technical cooperation is visualized more in terms of providing sectoral support services through analysis, information and advice rather than project execution and administration. The five major agencies affected by the new arrangements would be expected to provide specific and well-defined inputs at any phase of the programme and project cycle in a given country rather than to undertake the execution of the projects.

9. It is against this background and the increasing emphasis placed by UNIDO on the application of an integrated programme approach to technical cooperation that the role of the UCD is being examined. In its resolution GC.4/Res.4, the General Conference requested the Director-General to report on the possibilities of strengthening the country focus, while strengthening the advisory roles of UCDs in project planning, development and evaluation. Planning, development and implementation are part of the core activities of UCDs, according to the UCD job description. Therefore, at every stage of the country programme and project cycle (with the exception of evaluation, which is not part of the job description) UCDs can contribute to strengthening the country focus in the field and at Headquarters.

10. In order to strengthen the advisory role of UCDs in this respect, special efforts are being made to enhance their expertise and their capacity to assist the developing countries by including

UCDs in meetings and workshops on specific sectors (IDB.9/10, chap. VI, para. 14), some of which are organized specifically for groups of UCDs.

IV. ACTION REQUIRED OF THE BOARD

11. The Board may wish to consider adopting the following draft decision:

"The Industrial Development Board:

"(a) Recalls Board decision IDB.8/Dec.14 and General Conference resolution GC.4/Res.4 on the UNIDO Country Directors;

"(b) Takes note of the information provided in the report of the Director-General (IDB.9/8);

"(c) Reiterates its appeal to Member States to provide new or further voluntary contributions to the UCD programme;

"(d) Appeals to UCD host Governments to increase their participation in financing of local operating costs;

"(e) Calls upon Member States to provide resources to enable UNIDO to at least maintain the current number of UCD posts, and to consider financing also a number of UCD posts from the regular budget of the Organization;

"(f) Also calls upon Member States to provide resources to enable the Director-General to carry out the proposed study on the modalities of setting up a close working relationship among UCDs of the same subregion in order to strengthen the role of UCDs."